

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 TAR-01 SP-02 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 /074 W

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R 221623Z APR 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 6527

INFO AMEMBASSY BOGOTA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD, GT

SUBJECT: GOG SUPPORTS BANANA EXPORT TAX

REF: GUATEMALA 6595

1. BEGIN UNCLASSIFIED. ACCORDING TO PRESS REPORTS, MINECON PALOMO IN RESPONSE TO QUESTIONING HAS DECLARED THAT THE GOG SUPPORTS THE ADOPTION OF BANANA EXPORT TAX. PALOMO REPORTEDLY REFERRED TO A NOTE OF AUGUST 27, 1974 TO PRESIDENT OF CONGRESS LOPEZ JOINTLY SIGNED BY HIMSELF AND MINFINANCE LAMPORT COMMENTING ON BANANA TAX STUDY BEING UNDERTAKING AT THAT TIME BY FIANCE COMMITTEE OF CONGRESS. NOT RECOMMENDED THAT TAX BE PROGRESSIVE AND POINTED TO HONDURAN TAX AS ACCEPTABLE MODEL. QUESTIONED SEPARATELY, MINFINANCE LAMPORT MADE SIMILAR COMMENTS BUT ADDED THAT BEFORE CONGRESS APPROVES NEW TAX, CONSTITUTIONALITY OF BANANA COMPANY CONTRACTS SHOULD BE CARE-
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FULLY STUDIED. END UNCLASSIFIED.

2. BEGIN LIMITED OFFICIAL USE. COMMENT: AS EMBASSY HAS REPORTED ON VARIOUS OCCASIONS, GOG POSITION FROM START WAS ONE OF SUPPORT FOR BANANA EXPORT TAX, PROVIDED OTHER MAJOR PRODUCERS ALSO ADOPTED TAX AND ISSUE COULD BE SETTLED AMICABLY WITH COMPANY WITHOUT DISTURBING INVESTMENT CLIMATE. DCG DEPUTY CARPIO'S TAX PROPOSAL OF LAST JULY AND CONGRESSIONAL MANEUVERINGS THWARTED GOG PLANS. EXPORT TRENDS OF PAST YEAR AND RECENT BANANAGATE SCANDAL IN HONDURAS, HOWEVER, APPEAR TO HAVE CONVINCED GOG THAT IT CAN RESUME ITS EFFORTS. IMPOSITION OF TAX BY HONDURAS, COSTA RICA AND PANAMA APPEAR NOT TO HAVE HURT THEIR COMPETITIVE POSITION (FIFI OF COURSE HELPED) AND GOG'S ECONOMIC CONCERNS HAVE THEREBY BEEN CALMED. BANANAGATE IS SEEN TO PLACE DEL MONTE IN WEAKENED POSITION AND UNLIKELY TO RESIST STRENUOUSLY THE ADOPTION OF A TAX AT THIS TIME. FINALLY, GOG'S FISCAL NEEDS ARE GREATER THEN EVER.
MELOY

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NNN

Message Attributes

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